House Republican Press Release

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# Rep. Miller: Prohibiting Zone Pricing for Gasoline will Mean Higher Prices

*Opposes Blumenthal Demand for Special Session to Ban Zone Pricing*

Attorney General Richard Blumenthal's recent demand for a special session of the state legislature to act on a proposal to prohibit zone pricing for gasoline is election year grandstanding on a discredited proposal that would result in higher gas prices for Connecticut motorists, state Representative Lawrence G. Miller said today.

"A measure that would have banned zone pricing in Connecticut was killed by the General Assembly during the regular session and that's the way it should stay," said Representative Miller, R-122nd District. "Not a single state in the country has banned zone pricing although a few have looked into it. Maryland recently commissioned a task force to look into the proposal and its conclusion was that prohibiting zone pricing would not reduce gasoline prices. Two independent studies, one performed in 2004 and the other in 2005, found that banning zone pricing would actually increase prices at the pump."

"Attorney General Blumenthal, who should know better, is trying to exploit public anger over high gasoline prices by touting a bad idea that won't work as a magic bullet that will bring down gasoline prices overnight. Is it really worth spending $8,000 to $10,000 in taxpayer dollars to pay for a special legislative session to enact a measure that will end up costing Connecticut consumers more than they are paying now for gasoline? If we are going to have a special session, we should at least be considering legislation that will help the people of Connecticut," said Representative Miller, who for several years has been calling for the United States Congress to investigate the role oil futures traders at the New York Mercantile Exchange are playing in pushing petroleum prices through the roof.

"I recently heard a Colchester convenience store operator say that the sharp increases in oil prices we have been experiencing over the past few months can be traced in large part to the actions of New York Mercantile Exchange (NYMEX) commodity traders and hedge fund investors," Representative Miller said. "He was correct. At any given time, investments totaling as much as $125 billion are made in the futures market by large unions and fund managers seeking to maximize their pension funds."

"Speculators at NYMEX bear a significant share of the blame for high gasoline prices. These futures traders are betting that prices for this commodity are going to continue spiraling upward in the weeks ahead and have been artificially inflating the already high price of oil in anticipation of hundreds of thousands of Americans hitting the road for their summer vacations," Representative Miller said.

"Energy products have been traded on the mercantile exchange since 1986. Nowadays, they use an electronic trading board that registers hourly changes in prices stemming from investments by hedge fund managers, among others," Representative Miller said. "The federal government can take steps to modify the way speculators push up oil prices. I have been calling on our congressmen and senators in Washington D.C. to make those kinds of changes for several years now. Senator Joseph Lieberman understands the problem as well as anyone in Washington and should be taking the lead in the effort to reform the commodity trading process instead of e-mailing state legislators and urging them to ban zone pricing."